Judge: Hon. Marc Barreca
Chapter: Chapter 7
Hearing Date: June 1, 2012
Hearing Time: 9:30 a.m.
Hearing Site: 700 Stewart Street, #7106
Seattle, WA 98101
Reply Date: May 25, 2012

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: ADAM GROSSMAN, Debtor.	Bankruptcy No. 10-19817 NOTICE OF HEARING ON AND MOTION TO APPROVE SETTLEMENT OF ISSUES RELATING TO REAL PROPERTY LOCATED AT 868 MONTCREST DRIVE, REDDING CALIFORNIA 96003

TO: Debtor, Creditors and other parties in interest.

PLEASE TAKE NOTICE that a hearing on the Trustee's Motion to Approve Settlement of Issues Relating to Real Property located at 868 Montcrest Drive, Redding, California, 96003 will be heard on the 1st day of June, 2012 before Judge Marc L. Barreca, 700 Stewart Street, #7106, Seattle, WA 98101 at 9:30 a.m. and the Clerk is requested to note the same for the motion docket on that date.

MOTION

1. The Debtor filed a voluntary chapter 7 bankruptcy petition on August 19, 2010 ("Petition Date").

2. As of the Petition Date the debtor and his now ex-wife, Jill Borodin, were involved in a very contentious divorce which was pending in King County Superior Court under case number 09-3-02955-9-SEA ("Divorce Proceeding"). Because of the debtor's two previous bankruptcy filings within one year of this current one, the automatic stay did not stop the Divorce Proceeding.

Wood & Jones, P.S.
303 N. 67th Street
Seattle, WA 98103
(206) 623-4382

3. There were four pieces of real property at issue in the divorce: 1) 868 Montcrest Drive, Redding, California, 96003 ("Montcrest Property"); 2) 20710 Glennview Drive, Cottonwood, California ("Glennview Property"); 3) 773 Metro Way, Redding, California ("Metro Way Property"); and 4) 1679 Strauss Lane, Redding, California ("Strauss Property").

4. A trial was held in King County Superior Court on or about November 15, 2010 in relation to the Divorce Proceeding. As a result a Decree of Dissolution was entered on December 14, 2010 which divided the assets between Ms. Borodin and the Debtor, Mr. Grossman. A copy of the Decree is attached as Exhibit "1" to the Declaration of Denice Moewes filed simultaneously herewith.

5. The Montcrest Property was awarded to the wife in that Decree of Dissolution. The Trustee believes that there is approximately $150,000.00 in equity in the Montcrest Property, $220,000.00 of equity in the Glennview Property, $50,000.00 in the Metro Way Property and little, if any, equity in the Strauss Lane Property.

6. While the trustee has contended that the Montcrest Property was not property of the estate, the trustee has also taken the position that the equity in the Montcrest Property had to be used to pay the community claims of this estate.

7. Ms. Borodin disagrees with that assessment and contends that since three other properties, plus substantial other cash, businesses and personal property assets were awarded to Mr. Grossman, the three properties were intended to be used to pay the community creditor claims.

8. The Decree of Dissolution specifically requires the husband (debtor) to pay the following unsecured obligations:

Community Obligations:

Any and all debt associated with Terrington Davies LLC, Terrington Davies Capital Management LLC, Terrington Davies Tanager Fund LP and Ptarmigan Fund whether said debt was incurred under the business names or the husband's name personally.

Wood & Jones, P.S.
303 N. 67th Street
Seattle, WA 98103
(206) 623-4382

The Citibank Student Loan account –

Amazon.com Chase account -7314

Slate Chase acct -6457

AAA Chase acct - 3915

Discover acct -0579

Citicard -4425

Separate Obligations of Debtor

MIT Worldpoints Bank of America – 7336

9. The order further states:

The assumption of indebtedness by the Husband above is necessary for the maintenance and support of the Wife and shall be considered a duty directly related to her support; provided, however, that payment of said debts shall not be considered deductible as alimony for income tax purposes by the Husband, nor includable as income by the Wife. The Husband's assumption of indebtedness, however, shall not be dischargeable in bankruptcy so as to allow a third-party creditor to claim against the Wife. Furthermore, the remarriage or death of either party shall not affect or terminate the Husband's obligation to pay these debts.

10. The wife was ordered to pay the following community obligations:

American Express account in wife's name.

Alaska Airlines Visa -7563 and -5286.

U.S. Airways MC.

Citibank mortgages -4673 and -7606.

The SallieMae student loan account -3578-9.

11. A review of the claims register shows that the following claims, which are assigned to the debtor per the Decree of Dissolution, have been filed:

Claim #	Claimant	Amount of Claim
1	Discover Card #0579	$ 6,416.20
3.	Chase Bank #3915	$22,281.77
4.	Chase Bank #6457	$ 5,046.12

Wood & Jones, P.S.
303 N. 67th Street
Seattle, WA 98103
(206) 623-4382

5.	Chase Bank #7314	$ 5,285.93
13..	FIA/Bank of America-#7336	$35,522.82
14.	Sallie Mae (debtor's name only)	$70,119.76
18.	Tanager Fund	$379,000.00
19.	Ptarmigan Real Estate Fund	$268,116.39

The claims filed by Tanager Fund and Ptarmigan Real Estate Fund were filed by the debtor. There was no debt association with either Tanager Fund or Ptarmigan Real Estate Fund at the time of dissolution. Moewes Declaration, Exhibit "1".

12. It does not appear that any of the community creditors the wife was ordered to pay have filed claims in this case. Moewes Declaration, Exhibit "1".

13. These above-mentioned claims do not include any claims filed by the debtor on behalf of other creditors. There are other claims filed by the debtor on behalf of other entities in relation to monies in either the Tanager Fund or the Ptarmingan Real Estate Fund.

14. There are three other properties that were awarded to Mr. Grossman. The trustee believes that there is substantial equity in the 20710 Glennview Drive Property and the Metro Way Property.

15. The Trustee and Ms. Borodin have agreed to settle this dispute in relation to the Montcrest Property as follows. The parties will agree that the Montcrest Property constitutes property of the estate for purposes of this settlement and the default order only. The trustee will file a motion for default in adversary proceeding 11-1954 in relation to the Montcrest Property, which, if entered, would result in a finding that the Montcrest Property is in fact property of the estate, and wipe off the post-petition liens. The Montcrest Property will be listed for sale. From the net proceeds realized from the sale of the Montcrest Property the Trustee will be reimbursed for all legal fees incurred by his counsel in the recovery and selling the Montcrest Property. To the extent any of the community claimants the wife was ordered to

Wood & Jones, P.S.
303 N. 67th Street
Seattle, WA 98103
(206) 623-4382

pay file claims in this estate[1], and there are sufficient funds to make a distribution to the general unsecured claimants, Ms. Borodin will pay an additional $10,000.00 dollars to the estate from the net proceeds of the Montcrest sale.

Settlement Factors

The Trustee based his decision to accept all of the settlements upon the four factors set forth in the case of A&C Properties, 784 F.2d 1377 (9th Cir. 1986), which are set forth and discussed below:

A. Probability of Success in Litigation.

The Trustee believes that if he filed a motion in either this Court or State Court seeking a determination of whether the Decree of Dissolution awarded Jill Borodin the Montcrest Property free and clear of the community claims, he would have between a 20-30% chance of prevailing. The Decree seems pretty clear that the Montcrest Property belongs to Ms. Borodin free and clear of the community claims. See Declaration of Ronald Brown filed simultaneously herewith.

B. Difficulties to be encountered in the matter of Collection.

This factor is not applicable.

C. Complexity of litigation and expense, inconvenience and delay attendant therewith.

The matter of interpreting the Decree of Dissolution would be resolved by summary judgment. However, the Trustee is certain that the debtor would file pleadings in relation to any motion the Trustee may file. The Trustee believes it would cost at least $10,000.00 to get this issue resolved. Brown Declaration.

D*. Best Interest of creditors*. The Trustee believes the interest of the creditors is best served by agreeing to accept the settlement discussed above. See Declaration of Ronald G. Brown filed simultaneously herewith.

---

[1] The debtor filing a claim on behalf of a creditor does not invoke this condition. The claim must be filed by the

Wood & Jones, P.S.
303 N. 67th Street
Seattle, WA 98103
(206) 623-4382

The Trustee seeks approval from this Court for the Trustee to execute all documents necessary to effectuate the settlement set forth above, if approved, including any settlement documents.

OBJECTIONS

Your rights may be affected. **You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)**

If you do not want the Court to grant the relief requested in the Trustee's Motion, or if you want the Court to consider your view on the Trustee's Motion, then on or before Friday, May 25, 2012, you or your attorney must file with the Court a written response to the Trustee's Motion explaining your position. The response must be filed at U.S. Bankruptcy Court, 700 Stewart Street, Seattle, Washington 98101, and a copy served on Denice Moewes, 303 N. 67th Street, Seattle, Washington, 98103.

If you mail your response you must mail it early enough so that the Court, the Judge and the undersigned will receive it on or before the date stated above.

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the Trustee's Motion and may enter an order granting that relief.

Further information regarding the Trustee's proposal may be obtained by telephoning Denice Moewes at Wood & Jones, P.S., (206) 623-4382.

DATED this 10th day of May, 2012.

WOOD & JONES, P.S.

/s/ Denice E. Moewes
Denice E. Moewes, WSB#19464
Attorney for Chapter 7 Trustee
Ronald G. Brown

---

creditor and not on behalf of a creditor by another party.

Judge Marc L. Barreca
Chapter 7

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: ADAM GROSSMAN, Debtor.	Bankruptcy No. 10-19817 ORDER APPROVING COMPROMISE AND SETTLEMENT OF ISSUES RELATING TO REAL PROPERTY LOCATED AT 868 MONTCREST DRIVE, REDDING, CALIFORNIA 96003

THIS MATTER having come before the Honorable Marc L. Barreca on the Trustee's Motion to Approve Settlement of Issues Relating to Real Property Located at 868 Montcrest Drive, Redding, California 96003 ("Trustee's Motion"); the Court finding that notice of the Trustee's Motion was given to all creditors listed on the mailing matrix as evidenced by the Declaration of Mailing on file with the Court and hence the Court finds that notice of the

Wood& Jones, P.S.
303 N. 67th Street
Seattle WA 98103
(206) 623-4382

Trustee's Motion was adequate, timely, and in compliance with the Bankruptcy Code and Rules; the Court having reviewed the Trustee's Motion, and having reviewed any objections received no objections to the Trustee's Motion, and the Court having heard the oral arguments of counsel, and having reviewed the files in the above-referenced case and deeming itself fully informed in this matter, now, it is hereby

ORDERED, ADJUDGED, AND DECREED that the Trustee's Motion be and hereby is approved and that the Trustee is authorized to settle the issues relating to real property located at 868 Montcrest Drive, Redding, California 96003 upon the terms and conditions set forth in the Trustee's Motion; and it is further

ORDERED, ADJUDGED, AND DECREED that the Trustee is authorized to execute any settlement agreement necessary to effectuate the settlement.

///END OF ORDER///

Presented by:

Wood & Jones, P.S.

/s/ Denice E. Moewes
Denice Moewes, WSB#19464
Attorney for Trustee
Ronald G. Brown